Plan for increased tobacco exports

866. SHRI V. HANUMANTHA RAO: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have developed a plan for 2007-08 for increased tobacco exports to USA and other countries;

(b) whether it is a fact that USA is resisting Indian Virginia tobacco exports from Andhra Pradesh;

(c) what steps had Government taken to protect Indian tobacco farmers;

(d) the details of incentives being enhanced in 2007-08 for Virginia tobacco farmers in Andhra Pradesh; and

(e) the number of farmers who will benefit from such actions and policies?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) Promotion of Indian tobacco in various countries is an ongoing process. As part of the measures to enhance Indian tobacco exports, the Tobacco Board is participating in exhibitions abroad to showcase Indian produce. A delegation of exporters led by Chairman has also been deputed to South East Asian countries to explore the possibility of enhancing exports. The promotional efforts are however constrained by the world-wide campaign against tobacco consumption.

(b) and (c) The United States of America (USA) has a Tariff Rate Quota on tobacco which limits market access for Indian Flue Cured Virginia (FCV) and Burley tobacco to USA. The government is pursuing the matter with USA at various trade forums for a solution.

(d) The Tobacco Board extends its extension services, welfare measures and other benefits to all the registered growers. It has no proposal to enhance any incentive to tobacco growers in Andhra Pradesh.

(e) Does not arise.

Conditions for foreign capital investment in real estate

†867. SHRI RAM JETHMALANI:
SHRI RAJ MCHINDER SINGH MAJITHA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government while giving 100 percent foreign capital investment permission in the real estate sector had also included the provision of fulfilling certain conditions;

(b) if so, what are those conditions;

(c) whether it is also a fact that these conditions will be supposed to be negligible under Foreign Exchange Management Act; and

(d) if so, the reaction of the Government thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) As per the extant policy, Foreign Direct Investment (FDI) up to 100% is permitted under the automatic route for townships, housing, built-up infrastructure and construction development projects (which include, but not restricted to, housing, commercial

† Original notice of the question was received in Hindi

premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), subject to the following conditions:

a. Minimum area to be developed under each project would be as under:

i. In case of development of serviced housing plots, a minimum land area of 10 hectares

ii. In case of construction-development projects, a minimum built-up area of 50,000 sq. mts

iii. In case of a combination project, anyone of the above two conditions would suffice.

b. The investment would further be subject to the following conditions:

i. Minimum capitalisation of US$10 million for wholly owned subsidiaries and US $5 million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the company.

ii. Original investment cannot be repatriated before a period of three years from completion of minimum capitalisation. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.

(c) and (d) The conditions laid down for FDI in construction development projects are aimed at attracting serious investment in to the sector and discourage real estate broking.

Foreign capital investment in real estate

†868. SHRI RAM JETHMALANI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that 100 percent foreign capital investment has been allowed in the real estate sector of the country;

(b) if so, when this permission was given;

(c) whether it is also a fact that foreign capital investment in the real estate sector is constantly increasing after this permission; and

(d) if so, the details of the foreign capital investment made in India in the said sector during the years 2004, 2005, 2006 and up to the month of September, 2007?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) As per the present policy, Foreign Direct Investment (FDI) up to 100% is allowed on the automatic route in construction development projects.

(b) The policy was notified vide Press Note 2(2005 Series) dated 3-3-2005. The press note is posted on the website www.dipp.nic.in.

(c) Yes, Sir.

† Original notice of the question was received in Hindi.